

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7864

BILL NUMBER: HB 1884

DATE PREPARED: Jan 17, 2001

BILL AMENDED:

SUBJECT: Special Death Benefit Fund.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill adds parole officers and youth services coordinators to the definition of public safety officer for the purposes of the Special Death Benefit Fund.

Effective Date: July 1, 2001.

Explanation of State Expenditures: Adding two additional categories as eligible recipients for the \$150,000 lump sum special death benefit could add to the expenditures from the Special Death Benefit Fund, depending upon the number of deaths which occur during any one year in the newly eligible categories.

The Special Death Benefit Fund is supported by a \$5 bail bond fee. The bail bond fee expired December 31, 1998. As of June 30, 2000, the Fund had a balance of \$3,103,946, which includes the bail bond revenue and investment income. Since the inception of the program, about 2.4 deaths per year occur in the line of duty. This means about \$360,000 per year in benefit payouts. With this proposal, program eligibility is expanded by about 17%, from 12 categories to 14. If deaths in the line of duty were to expand commensurately, about 2.8 per year would occur at an estimated annual cost of \$420,000. Under IC 5-10-10-6 (b), if the balance in the Special Death Benefit Fund would be reduced below \$250,000 by payment in full of all claims that become final in any month, the Public Employees' Retirement Fund (PERF) Board of Trustees: (A) suspends payment of the claims that became final during that month and the following two months; and (B) at the end of the suspension period, the PERF Board pays all suspended claims. However, if the Special Death Benefit Fund would be exhausted by payment in full of all suspended claims, the amount paid to each claimant is prorated.

Using the balance as of June 30, 2000, of \$3,103,946, and not including interest, the Special Death Benefit Fund would be exhausted in approximately 7.4 years, using \$420,000 per year as the estimated expenditure level. Using the \$360,000 expenditure level, the fund would be exhausted in approximately 8.6 years.

Explanation of State Revenues: Revenue from the bail bond has declined. In FY 1999, bail bond fee revenue amounted to \$478,793, while in FY 2000, the bail bond revenue totaled only \$70,709, a decline of about 85%. Investment income for FY 2000 amounted to \$90,248. The Controller of PERF reports that for the period beginning July 1, 2000, and ending December 31, 2000, revenue from the \$5 bail bond fee amounted to \$12,258.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Auditor; Public Employees' Retirement Fund.

Local Agencies Affected:

Information Sources: Dave Yeater, Controller of the Public Employees' Retirement Fund, 233-4117.